

Message Text

UNCLASSIFIED

PAGE 01 LONDON 00545 112019Z
ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 IO-14 AID-05 CIAE-00 COME-00
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 INT-05 STR-06
GSA-02 /094 W

-----120860 120423Z /15

R 112006Z JAN 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 1948

UNCLAS LONDON 00545

FOR: EB/ISM - WALTER LENAHA

E.O. 11652: N/A
TAGS: EMIN, ETRD, ILZSG
SUBJECT: LEAD & ZINC -- SPECIAL MEETING OF THE ILZSG
STANDING COMMITTEE

REF: LENAHA/THIGPEN TELCON

1. FOLLOWING IS TEXT OF COMMUNICATION DATED PARIS, 2
JANUARY 1978 FROM INTERNATIONAL LEAD & ZINC STUDY GROUP
(ILZSG):

"SPECIAL MEETING OF THE STANDING COMMITTEE (16 JANUARY
1978), COMMUNICATION BY THE CHAIRMAN.

1) ON 16 JANUARY, THE STANDING COMMITTEE WILL HAVE THE
SPECIAL MEETING WHICH HAS BEEN DECIDED BY THE PLENARY
SESSION IN SEPTEMBER 1977.

THE MAIN POINT WHICH HAS TO BE CONSIDERED BY THIS
MEETING DEALS WITH THE ZINC MARKET SITUATION.

2) I REMIND YOU THAT THE PLENARY SESSION MADE SOME
DECISIONS TO TRY TO IMPROVE THE SITUATION IN 1978. THE
FORECASTS WHICH WERE MADE IN LAST SEPTEMBER SHOWED THAT
THE METAL PRODUCTION WOULD STAY BELOW THE CONSUMPTION,
SO THAT A DECREASE IN THE PRODUCERS' STOCKS COULD BE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 00545 112019Z

EXPECTED.

AT THE SAME TIME, IT WAS HOPED THAT THE PRODUCTION WOULD
BE REDUCED DURING THE LAST MONTHS OF 1977 IN ORDER TO
IMPROVE THE SITUATION AS QUICKLY AS POSSIBLE.

3) INDEED, THE MONTHLY FIGURES WE GOT SINCE THE PLENARY
SESSION DID NOT SHOW A MAJOR CHANGE, ALTHOUGH SOME
PRODUCERS AND SOME COUNTRIES HAVE ANNOUNCED DECREASES IN

THEIR PRODUCTION. THE APPARENT CONSUMPTION HAS NOT SIGNIFICANTLY INCREASED. AND THE ACTUAL PRICES ARE STILL VERY LOW.

I JUST GOT THE NOVEMBER FIGURES, WHICH CONFIRM THAT PRODUCTION AND CONSUMPTION SHOULD BE IN BALANCE IN 1977, BUT THAT THE PRODUCERS' STOCKS ARE STILL INCREASING WHILE THE CONSUMERS' STOCKS ARE DECREASING.

4) IN THESE CIRCUMSTANCES, I CANNOT BUT REPEAT WHAT I TOLD YOU DURING THE SEPTEMBER SESSION. OUR STUDY GROUP MUST SHOW THAT IT IS ABLE TO DEAL WITH SUCH A SITUATION, AND THAT IT CAN DO SOMETHING TO RESTORE A HEALTHY MARKET. IF THE STUDY GROUP WOULD NOT ACT FIRMLY IN THESE CIRCUMSTANCES, WE MIGHT QUESTION WHETHER THE STUDY GROUP HAS ANY USEFULNESS AT ALL.

AND I STRESS THAT IT GOES BEYOND THE SINGLE ZINC PROBLEMS BECAUSE THIS KIND OF STUDY GROUP OR CONSULTATIVE BODY IS ADVOCATED BY MANY PEOPLE FOR OTHER COMMODITIES. AS YOU ARE GOVERNMENT OFFICIALS, ALL OF YOU ARE FULLY AWARE OF THAT.

5) MY CONCLUSION IS THAT WE ARE NOT ALLOWED TO FAIL IN TRYING TO DEAL WITH THIS ABNORMAL SITUATION OF THE ZINC MARKET; OTHERWISE, IT COULD BE THE END OF OUR STUDY GROUP AND IT WOULD PROBABLY BE THE END OF THE EFFORTS TO ESTABLISH SUCH KIND OF BODIES FOR OTHER COMMODITIES.

6) SINCE THE PLENARY SESSION OF SEPTEMBER 1977, I NOTICED DIFFERENT ACTIONS IN ORDER TO COPE WITH THE SITUATION.
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 00545 112019Z

SOME ANNOUNCED AND MADE DECREASES IN MINE OR METAL PRODUCTION. THE PRODUCER PRICE BASIS, WHICH IN THE PAST WAS A GOOD HELP TOWARDS A MORE STABLE MARKET, WAS SUBSTANTIALLY LOWERED IN OCTOBER: BUT IT HAPPENED IN SUCH A WAY THAT AN EVEN GREATER DISORDER APPEARED ON THE MARKET, AFFECTING ALSO NORTH AMERICA WHERE THE REMARKABLE PRODUCER PRICE SYSTEM HAD ACHIEVED VERY STABLE MARKET CONDITIONS UNTIL NOW. FINALLY, IT SEEMS THAT SOME COUNTRIES ARE WILLING TO DEAL SEPARATELY WITH THE PROBLEM, WHICH CAN ONLY MEAN SOME ISOLATION FROM THE WORLD MARKET.

7) IN THIS RESPECT, THE SITUATION NOW IS WORSE THAN IT WAS IN SEPTEMBER. THE STUDY GROUP MUST BE AWARE THAT NEW FIRM MEASURES ARE NECESSARY IN ORDER TO RESTORE SOME CONFIDENCE IN THE MARKET, BASED ON THE BELIEF THAT ALL TOGETHER WE SHALL COOPERATE AND IMPLEMENT THE RIGHT DECISIONS.

8) YOU CERTAINLY GAVE THOUGHTS TO THE SERIOUSNESS OF THE ZINC CRISIS. YOU CERTAINLY HAVE SOME IDEAS ABOUT WHAT THE STUDY GROUP SHOULD DO NOW. I AM RELYING ON YOU, BECAUSE YOU HAVE TO MAKE THE DECISIONS. BUT I AM PREPARED TO TAKE ANY STRONG COURSE SO THAT THE EFFECTIVENESS

OF OUR STUDY GROUP BE DEMONSTRATED."
BREWSTER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ZINC, LEAD, MEETINGS, COMMITTEE MEETINGS, COMMITTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 11 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LONDON00545
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780017-0565
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780177/aaaacmoh.tel
Line Count: 118
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ec90eae4-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08 feb 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3794450
Secure: OPEN
Status: NATIVE
Subject: LEAD & ZINC -- SPECIAL MEETING OF THE ILZSG STANDING COMMITTEE
TAGS: EMIN, ETRD, ILZSG
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ec90eae4-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014